

Indiana

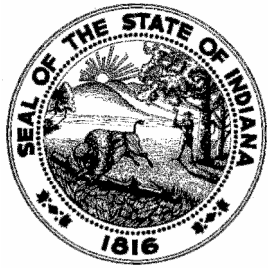
Department of Local Government Finance



Committed to a fair and equitable property tax system for Hoosier taxpayers.

VETERAN'S CONFERENCE

DLGF June 2007

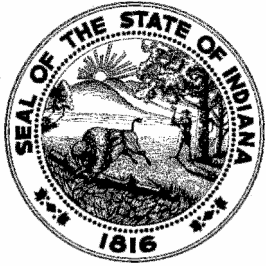


Agenda

- Legislation
- Deductions
- Filing periods
- Questions
- Resources

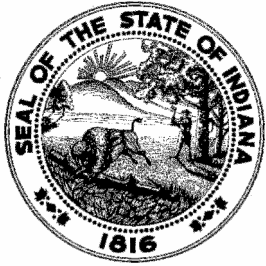
LEGISLATION

June 2007



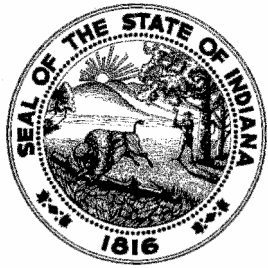
Legislation SEA287

- Amends various deductions for 2007p2008. The assessed value limit for the following deductions has been changed effective March 1, 2007:
 - IC 6-1.1-12-9, Over 65 \$182,430
 - IC 6-1.1-12-14, Veterans \$143,160
 - IC 6-1.1-12-17.4, WW1 veterans \$206,500



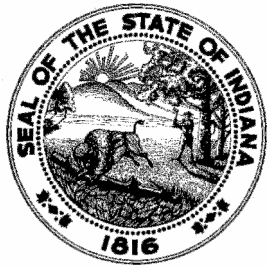
Legislation- HEA1478

- Amends the homestead standard deduction to:
- 2007p2008 \$45,000
- 2008p 2009 \$44,000
- 2009p2010 \$43,000
- 2010p2011 \$42,000
- 2011p2012 \$41,000
- 2012p2013 \$40,000



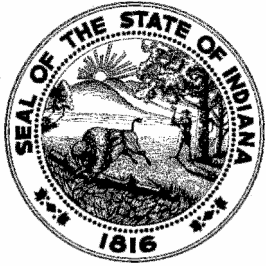
Legislation- SEA416

- Amends the various property tax deduction statutes to read that the filing deadline for real property is the twelve months before June 11 and for mobile homes or manufactured homes, not assessed as real property, the filing deadline is the twelve months before March 31.



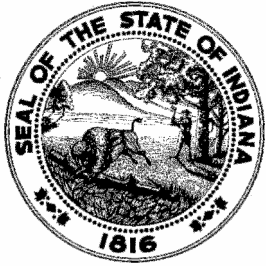
Legislation- SEA416

- Filing deadlines for the following deductions:
 - Homestead standard
 - Mortgage
 - Over 65
 - Blind or disabled
 - Surviving spouse of a disabled veteran
 - Veteran's
 - Solar energy/heating systems
 - Wind power device
 - Coal conversion, hydroelectric and geothermal



Legislation- HEA1508

- Provides that a trust is entitled to certain property tax deductions for real property owned by the trust if the property is (1) occupied by an individual who has a beneficial interest in the trust; (2) the occupier is a life tenant of the property (considered the property owner under IC 6-1.1-1-9(f)); and (3) otherwise qualifies for the deduction.



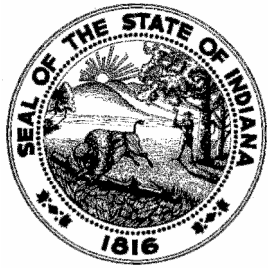
Legislation- HEA1508

- Trust applies to:
 - Over 65;
 - Blind or disabled;
 - Partially or totally disabled veteran;
 - Surviving spouse of a veteran; and
 - WW1 veteran.

DEDUCTIONS

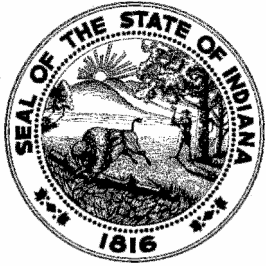
June 2007

10



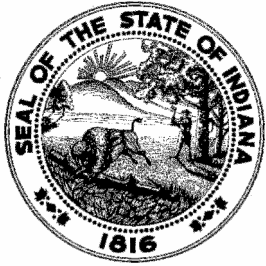
Partially Disabled Veteran

- IC 6-1.1-12-13 and 15
- Benefit: \$24,960
- Qualifications
 - Owns/buying on recorded contract
 - Served during a war w/honorable discharge
 - 10% or more service connected disability



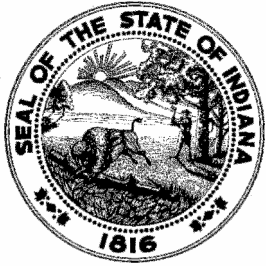
Partially Disabled Veteran

- Disability evidenced by
 - Pension certificate, Award of compensation, or disability comp. check issued by US Department of Veterans Affairs; or
 - Certificate of eligibility from Indiana Department of Veterans' Affairs
- Surviving Spouse may qualify if individual would have qualified if he/she were alive
- No income or assessed value limitations



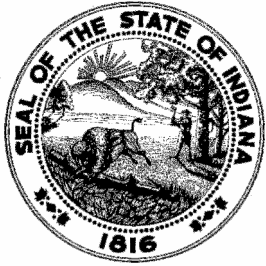
Partially Disabled Veteran

- Cannot have WW1 surviving spouse deduction
- Cannot claim if real property, mobile home or manufactured home is sold to another on contract and contract buyer is to pay the taxes.



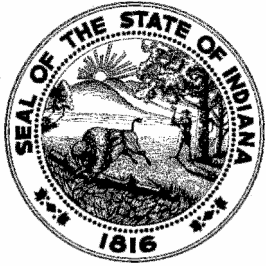
Totally Disabled Veteran

- IC 6-1.1-12-14 and 15
- Benefit: \$12,480
- Qualifications
 - 90 days of military service with an honorable discharge;
 - Individual either:
 - is totally disabled;
 - or at least 62 years old (on or before March 1) and has disability of at least 10%;



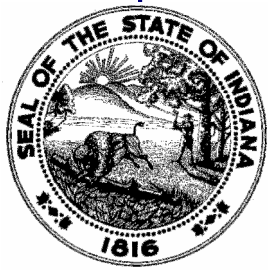
Totally Disabled Veteran

- Disability evidenced by:
 - Pension certificate or award of compensation issued by US Department of Veteran Affairs; or
 - Certificate of eligibility issued by IN. Department of Veterans' Affairs

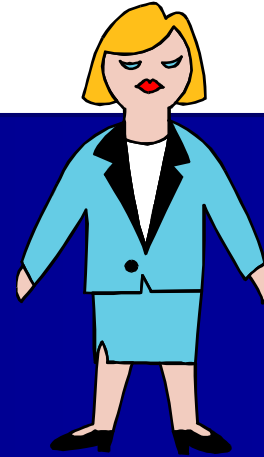


Totally Disabled Veteran

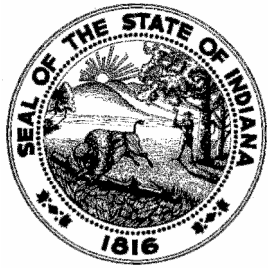
- Assessed Value must be $< 143,160$ real and personal property combined
- No INCOME limitations
- Surviving Spouse
 - eligible if deceased spouse would qualify for the deduction if he/she were still alive
- Cannot claim if real property, mobile home or manufactured home is sold to another on contract and contract buyer is to pay the property taxes



Surviving Spouse of Veteran

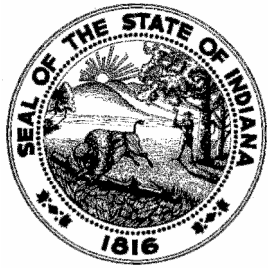


- IC 6-1.1-12-16 and 17
- Benefit: \$18,720
- Qualifications:
 - Surviving spouse is buying under a recorded contract
 - Deceased spouse
 - Served in military/naval forces of US before 11/12/18
 - Received an honorable discharge

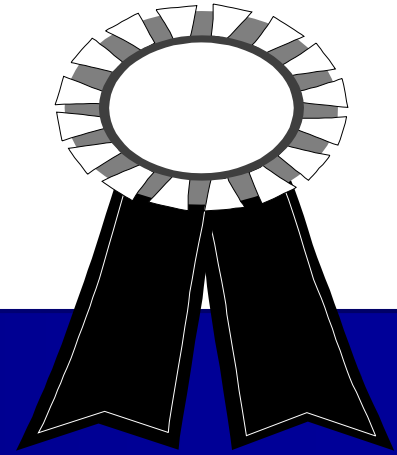


Surviving Spouse of Veteran

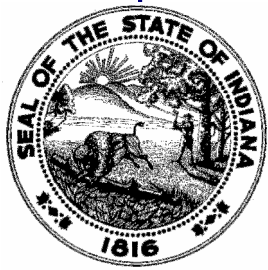
- No assessed value or income limitations
- Cannot claim if real property, mobile home or manufactured home is sold to another on contract and the contract buyer is to pay the property taxes
- Cannot combine with Partially Disabled Deduction (IC 6-1.1-12.13)



World War I Veteran



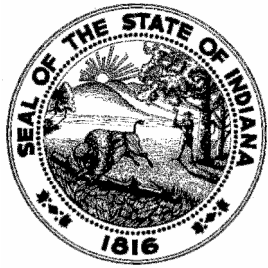
- IC 6-1.1-12-17.4 & 17.5
- Benefit: \$18,720
- Qualifications
 - Own/buying on contract for at least one (1) year prior to claiming deduction
 - Residence of Indiana
 - Assessed value must be less than \$206,500
 - Can receive if in nursing home or hospital
 - Cannot claim on real, mobile home or manufactured home if property is sold on contract and contract buyer is to pay the property taxes



Mortgage Deduction

- IC 6-1.1-12-3
 - Individual is resident of state on March 1 may claim deduction if he was:
 - member of US armed forces;
 - away from the county of his residence as a result of military service

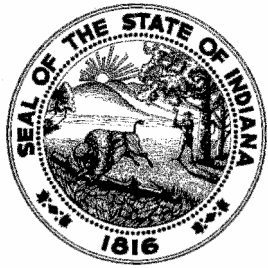




Mortgage Deduction

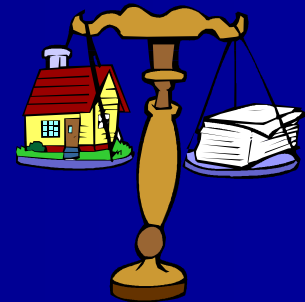
- Deduction is the lesser of:
 - Balance of mortgage or contract indebtedness on assessment date that year;
 - \$3,000; or
 - One-half of the assessed valuation of the real property, mobile home or manufactured home, not assessed as real property.

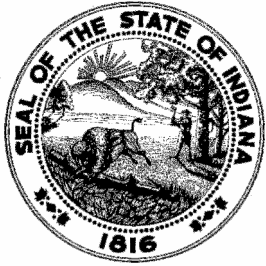




Mortgage Deduction

- Qualifications:
 - Resident of the State;
 - Owns real property or mobile or manufactured home, not assessed as real estate, in Indiana;
 - Owes a debt secured by a mortgage or an installment loan.

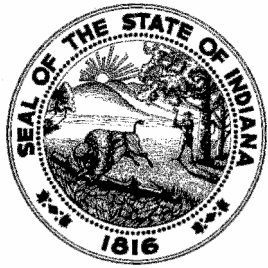




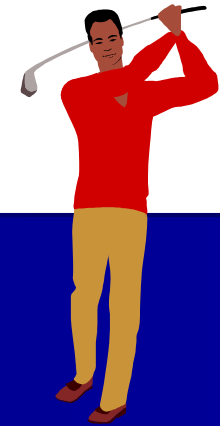
Over 65 Deduction

- IC 6-1.1-12-9
- Benefit: \$12,480
- Qualifications:
 - Individual is 65 the calendar year preceding the year in which the deduction is filed;
 - Combined adjusted gross income less than \$25,000;
 - Owned/buying property at least one year



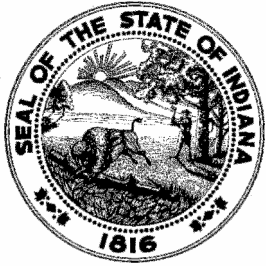


Over 65 Deduction



■ Qualifications:

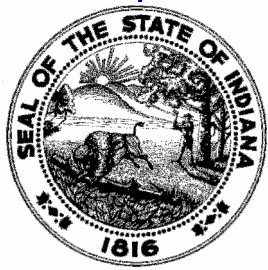
- Individual resides on property
- Assessed value must be less than \$182,430
- Can only claim with a mortgage, homestead and standard deduction
- Cannot be denied if in nursing home/hospital



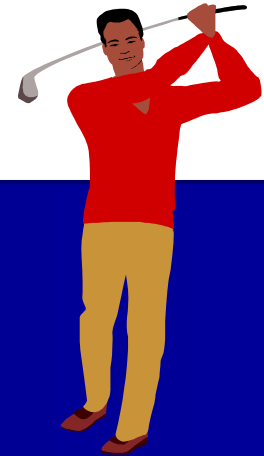
Over 65 Deduction



- Qualifications:
 - Real property, mobile/manufactured home the deduction is the lesser of one-half of the assessed valuation or \$12,480.
- Surviving spouse may qualify, if:
 - At least 60 years old in previous calendar year;
 - Deceased spouse was at least 65 at time of death;
 - Not remarried; and
 - Meets the requirements for deduction.



Over 65 Deduction



■ Multiple tenants:

– Reduced by an amount equal to:

■ Numerator= number of tenants not 65

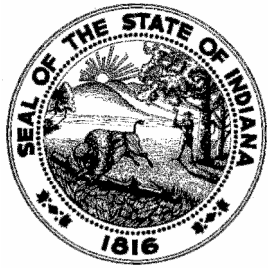
■ Denominator= total number of tenants

■ Example:

– 3 out of 4 tenants are not 65 = .25

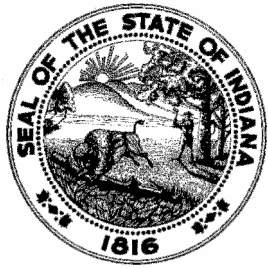
– .25 multiplied by 12,480 = 3,120

Deduction amount: \$3,120



Over 65 Deduction

- Statement must be filed the twelve months before June 11 for real estate and the twelve months before March 31 on a mobile home or manufactured home, not assessed as real estate.



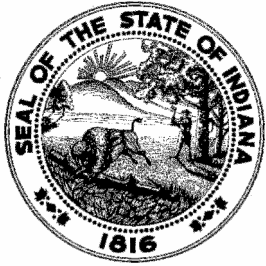
Blind or Disabled Deduction

IC 6-1.1-12-11

■ Benefit: \$12,480

■ Qualifications:

- Blind or disabled
- Real property, mobile/manufactured home is the primary residence
- Taxable income cannot exceed \$17,000



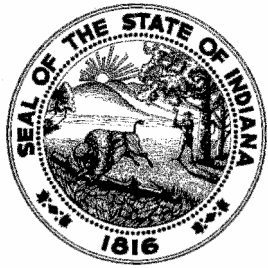
Blind Deduction



■ Blind

– Proof of blindness through:

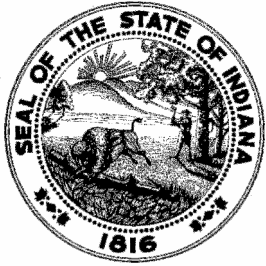
- Letter from a physician, who is licensed by the state and skilled in the diseases of the eye or a licensed optometrist; or
- Records from county office of Family and Children, Division of Family Resources, or the Division of Disability and Rehabilitative Services;



Disabled Deduction

■ Disabled

- Unable to engage in substantial gainful activity by reason of medically determinable physical or mental impairment, which
 - Can be expected to result in death
 - Lasts for period not < 12 months



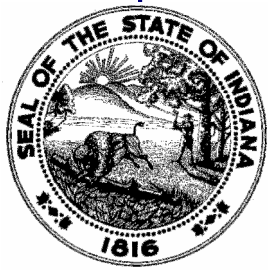
Homestead/Standard Deduction

- IC 6-1.1-20.9
- Benefit: \$45,000 plus homestead credit of 20%, with rate determined by the DLGF.
- Qualifications:
 - Individual's primary place of residence;
 - Residence located in Indiana;
 - Individual owns/buying under recorded contract; and
- Consists of dwelling (residential real property, mobile or manufactured home)
- Real estate does not exceed 1 acre

FILING INFORMATION

June 2007

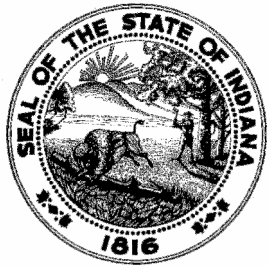
32



Filing period

- Statement filed the twelve (12) months before June 11 of each year for which the individual wishes to claim the deduction on real property.

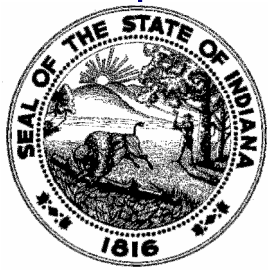




Filing period



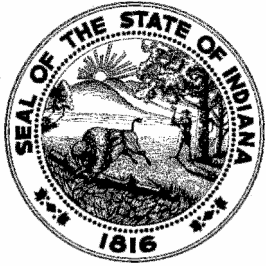
- Statement filed the twelve months before June 11 of each year an individual wishes to claim the homestead, mortgage, blind or disabled and veterans deduction and homestead credit for real estate and before March 31 for mobile or manufactured homes, not assessed as real estate.



Filing

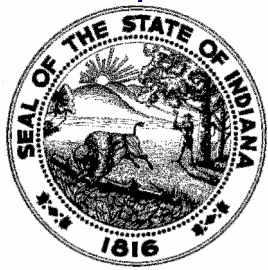


- Not required to refile following the removal of a joint owner if the individual:
 - Is sole owner upon death of the spouse;
 - Is the sole owner upon the death of joint owner, who was not individual's spouse; or
 - Is awarded sole ownership in a divorce decree.



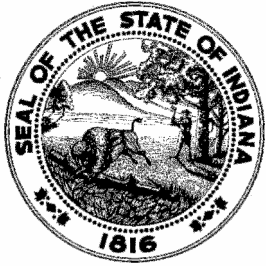
Deduction limits

■ Mortgage	\$3,000
■ Over 65 deduction	\$12,480
■ Blind or disabled	\$12,480
■ Partially disabled vet.	\$24,960
■ Totally disabled vet.	\$12,480
■ Surviving spouse	\$18,720
■ WW1 vet.	\$18,720



Deduction limits

■ Homestead	07p08	\$45,000
■ Homestead	08p09	\$44,000
■ Homestead	09p10	\$43,000
■ Homestead	10p11	\$42,000
■ Homestead	11p12	\$41,000
■ Homestead	12p13	\$40,000



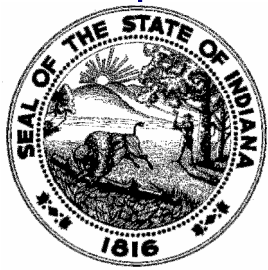
Property Tax Benefits Statement

- IC 6-1.1-12-43 imposes a \$25 penalty for closing agents who fail to provide each customer with information on property tax deductions and the homestead credit on a form prescribed by the DLGF.

QUESTIONS

June 2007

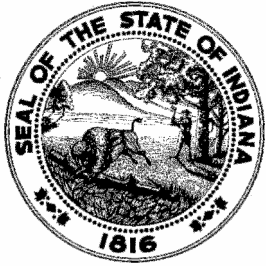
39



Posting Deductions

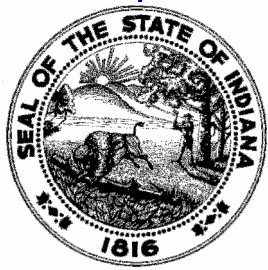


- What order are deductions posted?
 - Deductions are posted in the following order:
 - Standard, mortgage, over 65, blind or disabled, partially disabled veteran and totally disabled veteran.

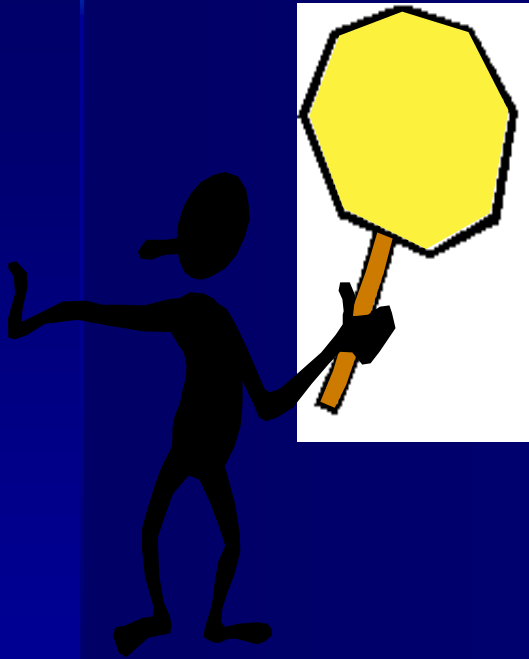


Who reviews what?

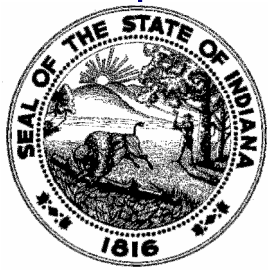
- Mortgage, O65, blind or disabled, all veterans related and homestead credit reviewed by Co. Auditor;
- Rehabilitated, solar, wind power device, coal conversion, hydroelectric, geothermal and fertilized verified by twp. assessor and then by the Co. Auditor.



What do codes mean?



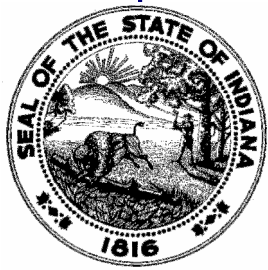
- Code 1= Totally Disabled
- Code 2= Partially Disabled
- Code 3= Combination of the two;
or 100% service connected @
wartime



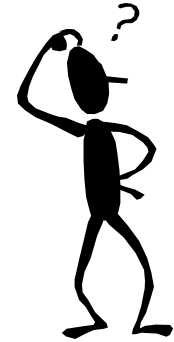
Question



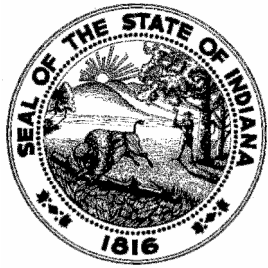
- How much is the Veteran Excise credit for the unused taxable value of the veteran's disability deduction?
 - For 2007 payable 2008, the excise credit is \$2 per \$100 of assessed valuation.



Question



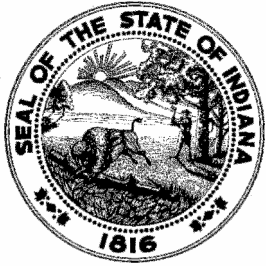
- Can a veterans deduction eliminate a taxpayer's liability on a mobile or manufactured home?
 - No. IC 6-1.1-12-40.5 provides that the total deductions applicable to a mobile/manufactured home, not assessed as real estate, may not exceed one-half of the assessed valuation of the mobile/manufactured home.



Question



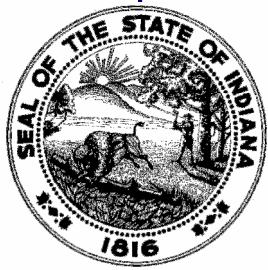
- Can a veterans deduction eliminate a taxpayer's liability on real estate?
 - Yes. IC 6-1.1-12-40.5 is applicable to mobile/manufactured homes and not to real estate owned by a veteran.



Question



- When calculating a tax bill, how does the county auditor apply property tax deductions?
 - EXAMPLE: An individual has the following deductions:
 - Homestead \$45,000 + homestead credit rate
 - Mortgage \$3,000
 - Service connected veteran's partial disability \$24,960

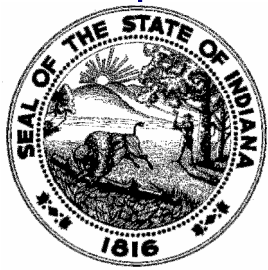


Example with real estate



- Assessed value of real estate: \$ 90,000
 - Less Homestead Deduction \$ 45,000
 - Less Mortgage Deduction \$ 3,000
 - Less Partially Disabled Deduction \$ 24,960
- Net Assessed Value of Property \$ 17,040

- All deductions may be used to reduce the real estate property taxes.



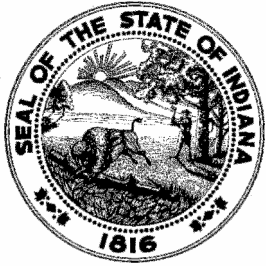
Example with personal property



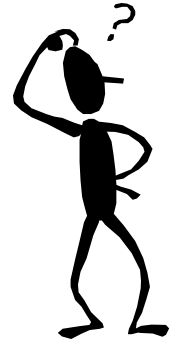
- Assessed value of manufactured home, not assessed as real estate:

	\$ 90,000
– Less Homestead Deduction	\$ 45,000
– Less Mortgage Deduction	\$ 0
– Less Partially Disabled Ded.	\$ 0
- Net Assessed Value of Property \$ 45,000

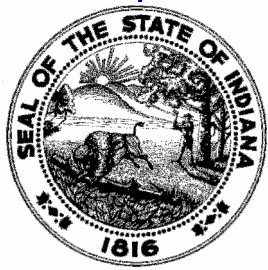
- May only use deductions up to one-half of the assessed value of the manufactured home, not assessed as real estate.
- May use \$24,960 toward other personal property or excise tax.



Question



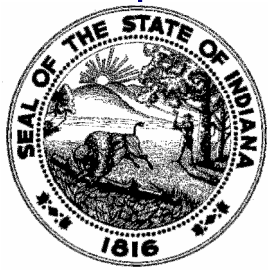
- When filing for a veteran's deduction the taxpayer owns property in our county and a different county, do we check the other county for total assessed valuation and the deduction applied?
 - Yes, IC 6-1.1-12-17.5 reads that if real property is located in more than one county, each county shall be notified.



Question



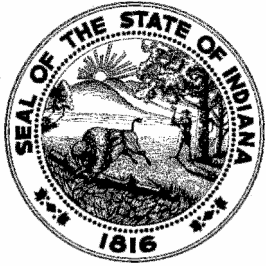
- Is it true a person with a service-connected disabled veteran's deduction can also be eligible for a regular disabled deduction?
 - Yes, as long as the individual is able to meet the requirements of both deductions.



Question



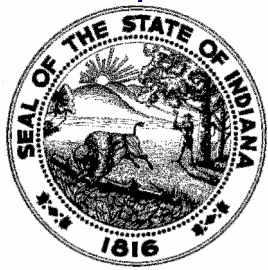
- If a veteran has a deduction on file March 1, 2007 for a property he sells in June 2007, can he request by December 31, 2007 that the deduction be removed from that property.
 - There is not a provision that allows for removal of a deduction in this case.



Question



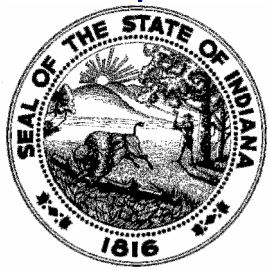
- If my property is in a life estate or trust, what deductions am I entitled to?
 - Mortgage- Property owned by a life tenant or trust.
 - Homestead- Property owned by life tenant or trust.
 - Veterans- IC 6-1.1-12-13,-14,-17.4. Life estate qualifies and so does trust, if the veteran is the life tenant under the trust.
 - Over 65- Property owned by life tenant or trust qualifies.
 - Blind or disabled- Life estate qualifies, if life tenant is in possession.



Question



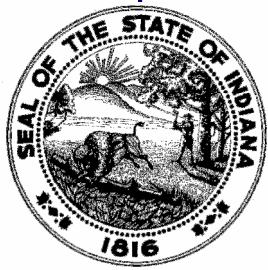
- If a disabled vet. filed a new deduction in the 2007 payable 2008 filing period and has excise only, when is the credit issued?
 - The excise credit would be issued after 1/1/07. The excise credit follows the real estate timetable for applying deductions.



Question



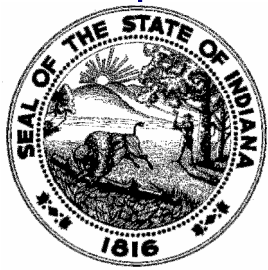
- (Widows of veterans) If a widow remarries and the spouse passes away, can that widow reapply for the veterans' benefit?
 - Yes, a surviving spouse may receive the veterans disability deduction provided he/she meets the qualifying requirements under IC 6-1.1-12-13,14 and 16.



Question



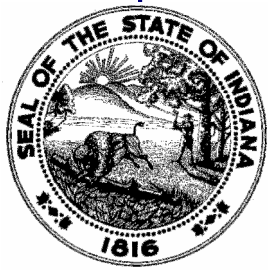
- How is the veterans deduction applied to an individuals' property?
 - Real Estate
 - Personal Property
 - Excise



Question



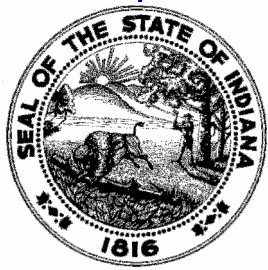
- A man sells his house in the fall and buys a home in another county. He came in to file in March of the next year. Does he get excise tax for that year?
 - No, the taxes he pays next year are for this year's assessment, therefore, he could not get the credit as he would receive the deduction twice. The excise credit would not apply.



Question



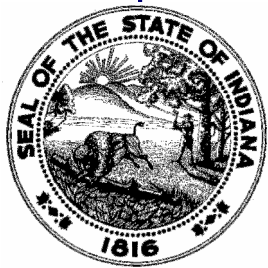
- Veteran owns real property and is selling on a recorded contract to another person, does he still receive his Veteran's Deduction on the real property?
 - If the contract establishes the purchaser as responsible for property taxes, no.
 - If the contract provides the owner is responsible, yes.



Question



- Does a veteran qualify if someone other than the wife's name appears on the property?
 - No, regardless of whether ownership is by tenancy in common or by joint tenancy with rights to survivorship, no deduction is authorized. A non-veteran would receive a benefit from a veteran.
 - However, if two individuals, both veterans, own the property jointly, then each is entitled to a full deduction.



Contact Us

Agency Phone: 317-232-3773

Fax: 317-232-8779

Web: www.in.gov/dlgf/

Email: PropertyTaxInfo@dlgf.in.gov